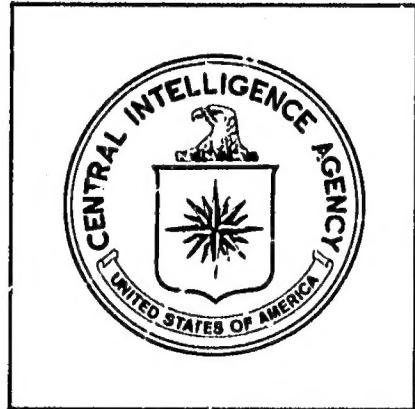


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STAFF NOTES:

Middle East Africa South Asia

NSA review completed

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Saudi Arabia*Fahd Affirms Saudi Interests in Neighboring States*

Crown Prince Fahd has affirmed the Saudi desire to strengthen relations with neighboring states of the Persian Gulf and Arabian Peninsula. Fahd, who made these points in an interview published in a Beirut newspaper on Tuesday, specifically suggested a meeting with South Yemeni leaders to deal with outstanding problems.

Last year, Fahd began to take a bigger role in setting Saudi policy toward the two Yemens and the Gulf countries. He advocated a conciliatory line toward South Yemen--that is, one designed to move Aden toward a moderation of its domestic and foreign policies by using financial and political incentives.

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In the interview, Fahd announced his intention to visit Iraq shortly, an indication that he attaches high priority to closer relations with Baghdad. Fahd was reportedly impressed by the "realism and adroitness" of Iraqi strongman Saddam Husayn when the two met recently at the OPEC summit meeting in Algiers.

Fahd also made a point of the need to strengthen ties with Iran. He said that both Arab interests and Gulf stability require close Saudi-Iranian cooperation, and he praised the recent Iran-Iraq accord. Fahd is expected to place considerable importance on working with the Iranians.

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Nigeria*Third Development Plan Announced*

General Gowon formally launched Nigeria's new five-year, \$48-billion development plan on March 29, calling for active participation of foreign investors and experts in carrying it out. In an effort to help implement the plan, he also announced the creation of six new ministries.

The plan, covering 1975 to 1980, calls for investments of \$32 billion in the public sector and \$16 billion in the private sector. The government will probably have no problem financing the investments out of oil revenues. However, the public sector, which probably had investments of less than \$2.5 billion during the last fiscal year, will find it difficult to absorb its allocated expenditures. The scarcity of Nigerian managerial and technical manpower will be a constraint on development for some time.

Almost half of public sector investment is slated for industry and transport. Major planned projects include two oil refineries, two liquified natural gas plants, a petro-chemical complex, and an iron and steel plant. Other priority investment areas are petroleum, agriculture, education, housing, communications, power, and health care.

To encourage increased private investment, the plan reduces the administrative red tape that previously discouraged businessmen. It also relaxes foreign labor quotas in order to minimize problems in obtaining skilled personnel. At the same time, Gowon called for greater Nigerian participation on the managerial and policy levels of joint projects between local and foreign firms. To help realize this goal Gowon said that the Lagos government will negotiate with "friendly countries" for overseas technical training of Nigerian students at Nigeria's expense.

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